

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

WEST VIRGINIA

CHILD SUPPORT ENFORCEMENT

MEDICAL SUPPORT



**MAY 2001
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DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES
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May 7, 2001

Paul L. Nusbaum, Secretary
West Virginia Department of Health
and Human Resources
Building 3, Capital Complex
Charleston, West Virginia 25305

Dear Secretary Nusbaum:

This final audit report presents the results of an Office of Inspector General (OIG), Office of Audit Services (OAS), limited scope review to identify and evaluate the processes and procedures to ensure that the non-custodial parents' (NCP) obligations are determined and met as primary payers before public funds are used to cover their children's medical needs as required by Section 466(a)(19) of Title IV-D of the Social Security Act.

Based on our review, we found that:

- ☞ West Virginia has promulgated State laws and regulations relative to children's medical support that appear to comply with Section 466 (a)(19) of Title IV-D of the Social Security Act. In the past, West Virginia has reported low compliance in the area of securing and enforcing medical support. However, the State has implemented positive actions to establish policies and procedures to ensure that NCPs are covering their children's medical insurance needs to the extent they are able.
- ☞ West Virginia's On-Line Support Collections and Reporting System (OSCAR) has been revised to meet the requirements for Personal Responsibility and Work Opportunity Act (PRWORA) certification. However, our tests disclosed that it was still possible to process a child support order in OSCAR without a medical support clause. The Bureau of Child Support Enforcement (BCSE) stated that mandatory fields in OSCAR have been proposed to ensure that a medical support clause is part of every child support order processed.
- ☞ West Virginia does not have legislation granting a decision maker, such as a West Virginia Family Law Master, authority to order the NCP to contribute toward the State cost of providing coverage under Medicaid as recommended by the Medical Child Support Working Group (Working Group). This authority is not required

by Federal legislation. However, the authority, if granted, would ensure that the NCPs' obligations are met as a primary payer before public funds are used to cover their children's medical needs. We did not quantify prospective Medicaid savings to be attained by implementing the Working Group's recommendation due to the State's low percentage of Medicaid recipients who are enrolled in managed care programs. Most Medicaid payments are made under the traditional fee for service arrangement.

☞ Within the West Virginia Department of Health and Human Resources (DHHR), BCSE entered into an agreement with the Bureau for Medical Services' Division for Medicaid Management Information Systems (MMIS) that enables BCSE to share data match information on all children receiving any service from the Temporary Assistance for Needy Families (Title IV-A) system. This facilitates identification of NCPs with employer based insurance. The BCSE Task Team, formed as a result of BCSE's 1998 Self Assessment Report, recommended DHHR contract for similar services for all BCSE cases that are not part of the Title IV-A system.

We recommend that DHHR:

1. Ensure that a medical support clause is part of every child support order processed by OSCAR by implementing the mandatory fields proposed by BCSE.
2. Consider implementing policies and procedures including the proposal for legislation that would allow a decision maker such as a West Virginia Family Law Master to order NCPs to contribute toward the State cost of providing coverage under Medicaid.
3. Inform the HHS Administration for Children and Families (ACF) of the benefits of BCSE's data match information sharing arrangement with MMIS so that ACF can broadcast this technique as a best practice, and consider implementing the BCSE Task Team's recommendation to contract for similar services for all BCSE cases that are not part of the Title IV-A system.

By letter dated April 30, 2001, DHHR responded to a draft of this report and generally agreed with our recommendations. We have attached DHHR's letter as an appendix to this report. We have also summarized DHHR's response and our comments after the Conclusions and Recommendations section of this report.

BACKGROUND

The DHHR's mission is to promote and provide appropriate health and human services for West Virginians to improve their quality of life. As part of DHHR, BCSE serves West Virginians who receive support for a child from a NCP. The BCSE offers many different services including establishing paternity, establishing support including medical support, locating parents, securing support from parents who live in another state, enforcing the payment of support and reviewing and modifying support orders.

The Omnibus Budget Reconciliation Act (OBRA) of 1993 requires State Child Support Enforcement (Title IV-D) agencies to include medical support in the establishment of all child support orders. The OBRA also requires states to have laws in place prohibiting health insurance providers from denying enrollment under a parent's health coverage because the child (1) was born out of wedlock, (2) was not claimed as a dependent on parent's income tax form, or (3) does not live with the parent or is outside the insurer's service area.

In 1996 Congress passed PRWORA which required that all child support orders include a provision for health care coverage of the child. This Act provided the states' Title IV-D agencies with the authority to notify the NCPs' employers to directly enroll the child in a health plan. Federal law requires that parents provide health insurance if the insurance is available through employment at reasonable cost. Unless the custodial parent and children have evidence of health insurance, the Title IV-D agency, in cases which involve families eligible for Medicaid, shall petition the court or administrative authority to include health insurance that is available to the NCP at reasonable cost in a new or modified court or administrative order for child support. Title 45 of the Code of Federal Regulations (CFR) 303.31 specifies that health insurance is considered reasonable in cost if it is employment related or other group health insurance regardless of the service delivery mechanism. Under existing Federal legislation, NCPs do not have to provide medical insurance for their children if the cost is unreasonable. As a result, many of these children receive medical care under the Medicaid program.

As part of the Child Support Performance and Incentive Act of 1998 (CSPIA), Congress created the Working Group. The Working Group was charged with identifying barriers to effective medical support enforcement and developing recommendations that address the following six areas:

- Assess the National Medical Support Notice
- Identify the Priority of Withholding from an Employee's Income, Including Medical Support Obligations
- Coordinate Medical Child Support with Medicaid/State Children's Health Insurance Program (SCHIP)

- Examine Alternates to a Medical Support Model Focused Exclusively on the Non-custodial Parent's Employer-Provided Health Plan
- Evaluate the Standard for "Reasonable Cost" in Federal Law
- Recommend Other Measures to Eliminate Impediments to Medical Support Enforcement

Recommendation 19, Part A of the Working Group's report states that ***"States should grant authority to the decision maker to order the noncustodial parent to contribute toward the State cost of providing coverage under Medicaid and SCHIP. Provided, however, no contribution should be ordered from any noncustodial parent whose net income (as defined by the State to determine Medicaid eligibility) is less than 133 percent of poverty."*** In the report, the Working Group states that ***"... while it may be unreasonable to expect the parent to pay the full premium for available private coverage in some cases, it is not unreasonable to expect the parent to contribute something towards public coverage."***

OBJECTIVE

The objective of our limited scope review was to identify and evaluate the processes and procedures to ensure that the NCPs' obligations are determined and met as primary payers before public funds are used to cover their children's medical needs as required by Section 466(a)(19) of Title IV-D of the Social Security Act.

SCOPE AND METHODOLOGY

To accomplish the objectives of our review we:

- ☞ Interviewed West Virginia BCSE personnel;
- ☞ Reviewed BCSE controls designed to ensure that NCPs are covering their children's medical insurance needs to the extent they are able;
- ☞ Reviewed relevant Federal and State laws and regulations concerning children's medical support enforcement;
- ☞ Reviewed West Virginia's Child Support Enforcement self assessments for Federal Fiscal Year (FFY) 1998 and FFY 1999 which were the most recent available;
- ☞ Obtained an understanding of the OSCAR system;

Performed sample child support calculations using West Virginia's child support guidelines; and

- ☞ Reviewed and evaluated West Virginia's statistics related to the percentage of Medicaid recipients receiving fee for service or managed care services.

We performed our review in August and September 2000 at West Virginia's BCSE office in Charleston, West Virginia and the Region III ACF office in Philadelphia, Pennsylvania.

RESULTS OF REVIEW

West Virginia Medical Support Enforcement Laws Policies and Procedures

We found that West Virginia has promulgated State laws and regulations relating to children's medical support that appear to comply with Section 466 (a)(19) of Title IV-D of the Social Security Act. Although West Virginia has reported low compliance in the area of securing and enforcing medical support in the past, the State has implemented positive actions to establish policies and procedures to ensure that NCPs are covering their children's medical insurance needs to the extent they are able.

In its FFY 1998 and 1999 Self Assessment Reports, West Virginia reported a very low rate of compliance for securing and enforcing medical support orders. According to the FFY 1998 Self Assessment Report, ***"Procedures, training, supervision, and tracking all need to be greatly strengthened to resolve the high occurrence of errors on this criterion during the next review period."*** In response, the BCSE formed a Task Team in 1998 to focus on the issue. The Task Team performed a detailed analysis that recommended specific corrective actions, including system enhancements, semi-annual medical support notices and training on new policies and procedures. Many of the corrective actions have since been implemented, and BCSE believes that greatly improved results on compliance will be achieved in the FFY 2001 review period. We were unable to determine whether improved results have been realized in the area of securing and enforcing medical support orders because implementation of improved procedures was recent and insufficient data was available for a comparative assessment.

On-Line Support Collections and Reporting System (OSCAR)

The OSCAR is West Virginia's automated Child Support Enforcement system. West Virginia's BCSE personnel input and track case information, including insurance data, through the OSCAR system. The OSCAR was developed using Rhode Island's Federally certified system and is

Family Support Act (FSA) certified. It has over 60 interfaces with other systems, including but not limited to, the State Title IV-A Agency, the State Directory of New Hires and the State Department of Motor Vehicles. These interfaces enable BCSE to track NCPs' receipt of benefits, employment and health insurance status and residence.

An analysis of issues and barriers performed by the BCSE Performance Evaluation Unit after the FFY 1998 Self Assessment identified design issues in the automation system as a problem area. The report noted that ***"it appears that the predominant problem for staff in appropriately implementing and documenting required transactions in securing and enforcing Medical Support is the lack of OSCAR programming. A related concern is the lack of adequate policies and procedures relating to case processing and to the data entry of information of Medical Support."*** The BCSE has implemented or is in the process of implementing corrective actions to address the key concerns of this report. Enhancements to changes in the insurance (INSU) screen in OSCAR are currently being programmed. Additional screens have been added, including status, source and exclusion fields as well as several insurance tracking screens. In addition, the BCSE has revised its policy manual to comply with the many changes implemented as a result of PRWORA.

West Virginia's OSCAR system has been revised to meet the requirements for PRWORA certification. However, during our review, we learned that it was still possible to process a child support order in OSCAR without a medical support clause. Our tests confirmed that the OSCAR system would process a child support order even if the medical support fields were left blank. The BCSE stated that because of this discovery, mandatory fields in OSCAR have been proposed in the INSU screen and new programming was in process to ensure that OSCAR will not allow an exit from the INSU screen unless an entry is made in either the status, exclusion, or insurance code fields. Additionally, the absent parent (AP) and caretaker (CT) insurance fields are now required in the obligation screen. These changes will ensure that a medical support clause is part of every child support order.

Non-Custodial Parent Contributions Toward Medical Support

West Virginia does not have legislation granting a decision maker, such as a Family Law Master, authority to order the non-custodial parent to contribute toward the State's cost of providing coverage under Medicaid as recommended by the Working Group. This authority is not required by Federal legislation. However, the authority would ensure that the NCPs' obligations are met as primary payers before public funds are used to cover their children's medical needs.

We believe that West Virginia should consider implementing policies and procedures that would allow a Family Law Master the authority to order the non-custodial parent to contribute toward the State cost of providing coverage under Medicaid. We did not quantify prospective Medicaid savings to be attained by implementing the Working Group's recommendation due to the State's

low percentage of Medicaid recipients who are enrolled in managed care programs. Most Medicaid payments are made under the traditional fee for service arrangement.

As part of our review we evaluated whether ordering non-custodial parents to contribute to State Medicaid managed care premiums, as recommended by the Working Group, would materially affect a custodial parent's cash support. In order to determine the effect on the custodial parent's cash support received from the NCP, we asked BCSE personnel to calculate, in OSCAR, cash support for a custodial parent when the NCP was required to contribute to the State's Medicaid managed care premium. We compared this figure with the cash support required when the NCP was not required to contribute to the State Medicaid managed care premium. Our review indicated that a custodial parent's cash support did not appear to be materially affected by requiring the NCP to contribute to State Medicaid managed care costs.

Best Practice - Data Match Information Sharing

The BCSE has entered into an agreement with DHHR's Bureau for Medical Services MMIS that enables the BCSE to share data match information that MMIS receives from a private contractor on all children receiving any service from the Title IV-A system. This facilitates identification of NCPs who have employer based insurance. The MMIS provides data match information to the BCSE that:

- Identifies and verifies the availability of medical insurance for Medicaid and Title IV-A children;
- Identifies NCPs having employer based insurance;
- Electronically interfaces the BCSE and MMIS systems;
- Provides addresses and employer information that assist in locating NCPs and establishing child support orders; and
- Is provided free of charge.

Currently, the system interface and data match are limited to Title IV-A cases. In the Corrective Action Plan developed in response to BCSE's 1999 Self Assessment Report, the BCSE Task Team recommended DHHR contract for similar services for all BCSE cases. We believe that the BCSE's data match interface is an innovative practice that provides another form of identification for NCPs' medical insurance.

CONCLUSIONS AND RECOMMENDATIONS

West Virginia has promulgated State laws and regulations relating to children's medical support that appear to be in compliance with Section 466 (a)(19) of Title IV-D of the Social Security Act. Our review disclosed that although West Virginia reported low compliance in its FFY 1998 and 1999 Self Assessment Reports for securing and enforcing medical support, the State has implemented positive actions to establish policies and procedures to ensure that NCPs are covering their children's medical insurance needs to the extent they are able. We also confirmed that although West Virginia's OSCAR system has been revised to include requirements for PRWORA certification, it was still possible to process a child support order in OSCAR without a medical support clause. Additionally, we noted that West Virginia does not have legislation granting a decision maker such as a Family Law Master authority to order the non-custodial parent to contribute toward the State cost of providing coverage under Medicaid as recommended by the Medical Child Support Working Group. Finally, BCSE information sharing with MMIS is an innovative best practice that facilitates identification of NCPs having employer based insurance.

We recommend that DHHR:

1. Ensure that a medical support clause is part of every child support order processed by OSCAR by implementing the mandatory fields proposed by BCSE.
2. Consider implementing policies and procedures including the proposal for legislation that would allow a decision maker such as a West Virginia Family Law Master to order NCPs to contribute toward the State cost of providing coverage under Medicaid.
3. Inform the HHS ACF of the benefits of BCSE's data match information sharing arrangement with MMIS so that ACF can broadcast this technique as a best practice, and consider implementing the BCSE Task Team's recommendation to contract for similar services for all BCSE cases that are not part of the Title IV-A system.

DHHR Response and OIG Comments

By letter dated April 30, 2001, DHHR responded to a draft of this report and generally agreed with our findings and recommendations. The DHHR response specifically addressed our recommendations and stated that actions are underway to implement new programming that will include mandatory fields that cover the issue of medical support obligation. The DHHR will also forward to the appropriate legislative authorities our recommendation to allow a decision maker to order NCPs to contribute toward the State cost of providing coverage under Medicaid, citing

this as a policy issue that can ultimately be addressed only by the Legislature. Finally, DHHR will inform ACF about DHHR's innovative data matching technique so that ACF can consider sharing this best practice with other child support enforcement agencies.

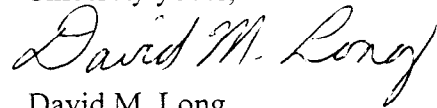
We believe that DHHR's proposed actions in response to the recommendations will contribute to increased child support enforcement effort within the State.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), HHS/OIG Office of Audit Services reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act, which the Department chooses to exercise. (See Section 5.71 of the Department's Public Information Regulation, dated August 1994, as revised.)

To facilitate identification, please refer to Common Identification Number A-03-01-00218 in all correspondence relating to this report.

Sincerely yours,



David M. Long
Regional Inspector General
for Audit Services

Direct Reply to HHS Action Official:

Grants Officer
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150 S. Independence Mall West
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STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bob Wise
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Paul L. Nusbaum
Secretary

April 30, 2001

Mr. David M. Long
Regional Inspector General for Audit Services
Department of Health and Human Services, Region III
100 S. Independence Mall West, Suite 316
Philadelphia, Pennsylvania 19106-3499

Re: Common Identification Number A-03-01-00218

Dear Mr. Long:

Thank you for the opportunity to review and comment on the above-referenced draft audit report entitled "REVIEW OF WEST VIRGINIA CHILD SUPPORT ENFORCEMENT MEDICAL SUPPORT". I have attached comments on the draft Report's findings and recommendations for inclusion in the final report.

I understand that the West Virginia Department of Health and Human Resources is entitled to request a formal exit conference concerning the findings and recommendations. After consultation with officials of the Bureau for Child Support Enforcement, I have elected to forego a further exit conference.

Sincerely,

Paul L. Nusbaum
Secretary

PLN/cd

Enclosure

cc: Juanita DeVine, Program Manager, Child Support Enforcement, ACF, Region III
Joan Kaub, Program Specialist, Child Support Enforcement, ACF, Region III
Danny C. Franco, Director of Finance
Susan S. Perry, Commissioner, Bureau for Child Support Enforcement
Betty Justice, Manager, Performance Evaluation, BCSE

COMMENTS
WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
AND THE BUREAU FOR CHILD SUPPORT ENFORCEMENT
ON DRAFT AUDIT REPORT A-03-01-00218
REVIEW OF WEST VIRGINIA CHILD SUPPORT ENFORCEMENT MEDICAL SUPPORT

Recommendation #1: Ensure that a medical support clause is part of every child support order processed by OSCAR by implementing the mandatory fields proposed by BCSE.

The Bureau for Child Support Enforcement has developed new programming in its automated system (OSCAR) related to the generation of proposed child support orders. This programming, which will be implemented statewide in approximately sixty (60) days, includes mandatory fields that cover the issue of a medical support obligation. System edits require certain information relating to medical support to be included in an order document before the system will permit the completion of the order function.

Recommendation #2: Consider implementing policies and procedures including the proposal for legislation that would allow a decision maker such as a West Virginia Family Law Master to order NCPs to contribute toward the State cost of providing coverage under Medicaid.

The Department agrees that non-custodial parents should contribute to the cost of medical coverage for their children. The Department will review how the implementation of this Recommendation would impact its Medicaid Program. However, this Recommendation involves a policy issue that ultimately can be addressed only by the West Virginia Legislature. The Department will forward this Recommendation to the appropriate legislative authorities for their consideration as to whether Family Law Masters should have the authority to order a non-custodial parent to contribute to the cost of providing coverage under Medicaid.

Recommendation #3: Inform the HHS ACF of the benefits of BCSE's data match information sharing arrangement with MMIS so that ACF can broadcast this technique as a best practice, and consider implementing the BCSE Task Team's recommendation to contract for similar services for all BCSE cases that are not part of the Title IV-A system.

The Department is pleased that the review recognized the Bureau's data match of its Title IV-A caseload with the State's MMIS system to identify non-custodial parents with private health insurance as an innovative best practice. The Department would be pleased to have ACF share information about this technique with other states as a best practice and will inform ACF concerning this OIG recommendation. The Bureau is continuing to pursue the implementation of a similar contract for its cases that are not a part of the Title IV-A system.